

# REINET INVESTMENTS S.C.A.

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Interim Report at 30 September 2015

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### Cautionary statement regarding forward-looking statements

*This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Reinet's control. Reinet does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.*

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## HIGHLIGHTS

The investment objective of Reinet is to achieve long-term capital growth.

Reinet's strategy is to work with experienced partners to invest in unique opportunities focusing on value creation for investors.

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- Net asset value at 30 September 2015: € 5 084 million, an increase of € 7 million from 31 March 2015, reflecting increases in asset values offset by adverse foreign exchange rate movements
  - Net asset value per ordinary share at 30 September 2015: € 25.95 (31 March 2015: € 25.91)
  - Commitments totalling € 89 million in respect of new and existing investments were made during the period
  - Dividends received from British American Tobacco during the period amounted to € 149 million
  - Cash dividend of € 31 million, or € 0.157 per share, paid during the period, an increase of 2.6 per cent over prior year
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*Reinet Investments S.C.A. (the 'Company') is a partnership limited by shares incorporated in the Grand Duchy of Luxembourg and having its registered office at 35, boulevard Prince Henri, L-1724 Luxembourg. It is governed by the Luxembourg law on securitisation and in this capacity allows its shareholders to participate indirectly in the portfolio of assets held by its wholly-owned subsidiary Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), a specialised investment fund also incorporated in Luxembourg. The Company's shares are listed on the Luxembourg Stock Exchange, the primary listing, and its South African Depository Receipts are listed on the Johannesburg Stock Exchange, the secondary listing. The Company's shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg Stock Exchange. The Company and Reinet Fund together with Reinet Fund's subsidiaries are referred to as 'Reinet'.*

## MANAGEMENT REPORT

## BUSINESS OVERVIEW

Reinet Investments S.C.A. (the 'Company') has determined that it meets the definition of an investment entity in terms of the amended International Financial Reporting Standards ('IFRS') 10. The consolidated net asset value and consolidated income statement included in this business review have however been presented in a more comprehensive format than required by IFRS in order to provide readers with more detailed information relating to the underlying assets and liabilities.

## CONSOLIDATED NET ASSET VALUE

The Consolidated Net Asset Value ('NAV') at 30 September 2015 comprised:

	30 September 2015		31 March 2015	
	€ m	%	€ m	%
<b>Listed investments</b>				
British American Tobacco p.l.c.	3 664	72.1	3 579	70.5
SPDR Gold shares	22	0.4	–	–
<b>Unlisted investments</b>				
Pension Corporation Group Limited	815	16.0	907	17.9
Private equity and related partnerships	713	14.0	878	17.3
Trilantic Capital Partners	174	3.4	231	4.6
Fund IV, Fund V, TEP and related management companies				
Renshaw Bay and related investments	198	3.9	223	4.4
Renshaw Bay advisory and investment management company	14		33	
JPS Credit Opportunities Fund	84		85	
Renshaw Bay Real Estate Finance Fund	54		55	
Renshaw Bay Structured Finance Opportunity L.P.	46		50	
36 South macro/volatility funds	74	1.5	77	1.5
Asian private equity and portfolio funds	134	2.6	167	3.3
Milestone China Opportunities funds, investment holdings and management company participation	89		116	
GEMS	4		3	
Prescient China Balanced Fund and investment management company	41		48	
Specialised private equity funds	133	2.6	180	3.5
Vanterra Flex Investments	34		53	
Vanterra C Change TEM	21		30	
NanoDimension funds and co-investment opportunities	47		56	
Fountainhead Expert Fund	23		30	
Other fund investments	8		11	
United States land development and mortgages	189	3.7	207	4.1
Diamond interests	65	1.3	92	1.8
Other investments	58	1.2	11	0.2
	5 526	108.7	5 674	111.8
<b>Cash and liquid funds</b>	128	2.5	76	1.5
<b>Bank borrowings and collar financing</b>				
Borrowings	(454)	(8.9)	(474)	(9.4)
Derivative assets/(liabilities)	(38)	(0.7)	(32)	(0.6)
<b>Other liabilities</b>				
Fees payable and other liabilities, net of other assets	(60)	(1.2)	(139)	(2.7)
Funding by minority partners	–	–	(5)	(0.1)
	5 102	100.4	5 100	100.5
<b>Minority interests</b>	(18)	(0.4)	(23)	(0.5)
<b>Consolidated net asset value</b>	<b>5 084</b>	<b>100.0</b>	<b>5 077</b>	<b>100.0</b>

All investments are held, either directly or indirectly, by Reinet Fund S.C.A., F.I.S. ('Reinet Fund'). The Company and Reinet Fund together with Reinet Fund's subsidiaries are referred to as 'Reinet'.

The Company records its assets and liabilities in euro; the depreciation of other currencies against the euro has resulted in a decrease in the value of certain assets in euro terms. Applying current period exchange rates to the March 2015 NAV would result in a decrease in value of some € 120 million. Despite the decrease from adverse foreign exchange effects the NAV increased by € 7 million; the additional increase in value being due to net increases in the value of underlying investments, decreases in the value of borrowings and decreases in other liabilities, all excluding the effects of changes in foreign exchange rates.

Further information on Reinet's investments may be found in the Reinet 2015 annual report which is available at [www.reinet.com](http://www.reinet.com).

Major items impacting the NAV during the period under review are described below.

### Listed Investments

#### BRITISH AMERICAN TOBACCO P.L.C.

The investment in British American Tobacco p.l.c. ('BAT') remains Reinet's single largest investment position and is kept under constant review, considering the company's performance, the industry outlook, cash flows from dividends, stock market performance, volatility and liquidity.

Reinet holds 74.3 million shares in BAT, representing 3.9 per cent of BAT's issued share capital. The value of Reinet's investment in BAT increased by € 85 million in the period to € 3 664 million at 30 September 2015, being 72 per cent of Reinet's NAV. The BAT share price on the London Stock Exchange increased over the period from £ 34.885 to £ 36.430. This increase in value is offset to some extent by the weakening of sterling against the euro during the period.

Reinet received dividends from BAT during the period amounting to € 149 million (£ 110 million), being BAT's final 2014 dividend and interim 2015 dividend.

Further information on BAT is available at [www.bat.com/annualreport](http://www.bat.com/annualreport).

#### SPDR GOLD SHARES ('GLD')

During the period under review, Reinet invested € 22 million in GLD, the largest physically backed gold exchange traded fund in the world.

Reinet holds 230 000 shares with a market value of € 22 million as at 30 September 2015.

Further information on GLD can be found at [www.spdrgoldshares.com](http://www.spdrgoldshares.com).

### Unlisted Investments

Reinet seeks, through a range of investment structures, to build partnerships with other investors, specialised fund managers and entrepreneurs to find and develop opportunities for long-term value creation for its shareholders.

Since its formation in 2008, Reinet has invested over € 1 664 million and is committed to provide further funding of € 411 million to its current investments. Details of the funding commitments outstanding at 30 September 2015 are given in the table on page 14 of this report. The increase in commitments during the period under review amounted to € 89 million.

Unlisted investments are carried at their estimated fair value. In determining fair value, Reinet Fund Manager S.A. (the 'Fund Manager') relies on audited and unaudited financial statements of investee companies, management reporting and valuations provided by third-party experts. Valuations are based on the net asset value of investment funds as well as discounted cash flow models and comparable valuation multiples for other entities, as appropriate.

The table on page 2 shows the value of the 100 per cent investment in Trilantic Capital Partners and the United States land development and mortgages. In each case, Reinet co-invests with minority investors. Amounts attributable to these minority investors are shown in the table either as 'funding by minority partners' or 'minority interests'.

Funding commitments are entered into in various currencies including sterling, US dollar and South African rand and are converted into euro using 30 September 2015 exchange rates.

## MANAGEMENT REPORT

**BUSINESS OVERVIEW**  
CONTINUED**PENSION CORPORATION GROUP LIMITED**

Committed amount: € 541 million (EUR equivalent of GBP commitment)

Invested amount: € 541 million (EUR equivalent of GBP investment)

Remaining commitment: € nil

Distributed amount: € nil

Fair value: € 815 million

Pension Corporation Group Limited's ('Pension Corporation') wholly-owned subsidiary, Pension Insurance Corporation plc ('Pension Insurance Corporation') is one of the UK's leading providers of risk management solutions to defined benefit pension funds. Pension Insurance Corporation is authorised and regulated as an insurance company by the Prudential Regulation Authority in the UK. At 30 September 2015 it had £ 14 billion in assets and insured more than 100 000 pension fund members. In November 2015, Pension Insurance Corporation announced a £ 2.4 billion pension insurance buyout with the trustees of the Philips UK pension fund. The transaction covers the pension benefits of around 26 000 UK pension scheme members.

Reinet's equity holding in Pension Corporation equals 43 per cent. The total capital invested to date is £ 400 million, which constitutes 100 per cent of Reinet's capital commitment to Pension Corporation.

Reinet's interest in Pension Corporation is carried at an estimated fair value of € 815 million at 30 September 2015 (31 March 2015: € 907 million), this value takes into account Pension Corporation's unaudited embedded value at 30 June 2015 and valuation multiples drawn from industry data.

The decrease in value reflects the decrease in comparable multiples being applied by the market in valuing listed companies in the UK insurance sector. The multiple applied in the valuation is therefore lower than that applied at 31 March 2015, reflecting the market movements of the sector during the period. The decrease in value also reflects the weakening of sterling against the euro in the period. These decreases are offset in part by the increase in the unaudited embedded value of Pension Corporation over the six-month period to 30 June 2015.

Further information on Pension Corporation is available at [www.pensioncorporation.com](http://www.pensioncorporation.com).

**PRIVATE EQUITY AND RELATED PARTNERSHIPS****TRILANTIC CAPITAL PARTNERS**

Trilantic Capital Partners ('Trilantic') is a global private equity firm focused on making controlling and significant minority interest investments in companies in North America and Western Europe. Trilantic employs flexible transaction structures and has a strong heritage of partnering with family-owned businesses and providing growth capital to management teams.

Reinet and its minority partner invest in the Trilantic general partnerships and management companies ('Trilantic Management'). The terms of the investment in Trilantic Management provide that Reinet and its partner will not pay any management fees or carried interest cost on substantially all of the investments in funds under Trilantic Management. In addition, the agreement provides for Reinet and its partner to receive a share of the carried interest payable to Trilantic Management on the realisation of investments held in the funds, once a hurdle rate has been achieved. This applies to Trilantic Capital Partners IV L.P. ('Fund IV Global') and Trilantic Capital Partners IV (Europe) L.P. ('Fund IV Europe') (together 'Fund IV'), Trilantic Capital Partners V (North America) L.P. ('Fund V'), Trilantic Energy Partners (North America) L.P. ('TEP') and to any future funds launched by Trilantic where Reinet makes a commitment. Reinet's share of any carried interest earned by Trilantic Management is 11.25 per cent in respect of Fund IV and 15 per cent in respect of Fund V and TEP.

Further information on Trilantic is available at [www.trilanticpartners.com](http://www.trilanticpartners.com).

**Trilantic Capital Partners IV L.P. and Trilantic Capital Partners IV (Europe) L.P.**

Committed amount: € 184 million (including an increase of € 3 million during the period) (EUR commitment and EUR equivalent of USD commitment)

Invested amount: € 142 million (EUR investment and EUR equivalent of USD investment)

Remaining commitment: € 42 million

Total invested including initial investment in management companies: € 152 million

Distributed amount: € 233 million

Fair value: € 128 million

Reinet has a 90 per cent interest in an entity which invests in two funds, Fund IV Global, which invests primarily in North America, and Fund IV Europe, which invests in Western Europe. Current investments held in the Fund IV Global portfolio in North America in which Reinet has interests include natural gas and oil exploration and production; sports and casual accessories; soft goods and electronics; and electricity transmission component manufacture and supply. In Western Europe, Fund IV Europe has interests in gaming machines and video-lotteries; education publishing; commodities broking; affordable luxury clothing; and high-speed rail equipment manufacturing.

During the period under review, Fund IV successfully disposed of several key assets. Following these disposals, Reinet received total proceeds of some € 97 million, of which € 87 million was attributable to Reinet and € 10 million to its minority partner. More information on the specific investments disposed of is detailed below.

In 2011, Fund IV Global invested in Implus Corporation ('Implus') a manufacturer of footwear, outdoor and fitness accessories. In the six months to 30 September 2015, Fund IV Global sold its investment in Implus to a third party.

In 2012, Fund IV Europe invested in Talgo, S.A. ('Talgo') a manufacturer of high-speed rail equipment in Spain and Euskaltel S.A. ('Euskaltel') a leading cable operator and market leader in the fixed line, broadband and Pay TV markets in Spain. In the period under review, Fund IV Europe sold a portion of its investment in Talgo following an initial public offering ('IPO') in May 2015 and sold all of its investment in Euskaltel following its IPO in July 2015.

At 30 September 2015, Reinet and its partner have invested the equivalent of € 83 million (31 March 2015: € 112 million), net of capital repayments, in Trilantic Management and Fund IV. Capital repayments will continue to be received in future, as Fund IV continues the process of realising investments.

The investment is carried at the estimated fair value of € 142 million at 30 September 2015 (31 March 2015: € 198 million). The investment in Fund IV is based on unaudited valuation data provided by Trilantic Management at 30 June 2015 adjusted for changes in the value of listed investments included in the portfolios. The decrease in the valuation is due mainly to the distributions of € 97 million described above offset by increases in the value of certain assets prior to distributions and unrealised gains on the remaining investments. Of the € 142 million carrying value, some € 128 million is attributable to Reinet, with the balance being attributable to its minority partner.

At 30 September 2015, Reinet had remaining commitments of € 42 million to invest in Fund IV, this amount includes an amount of € 3 million relating to a restatement of the original un-invested limited partner commitments taken over from Lehman Brothers.

## MANAGEMENT REPORT

**BUSINESS OVERVIEW**  
CONTINUED**Trilantic Capital Partners V (North America) L.P.**

Committed amount: € 93 million (EUR equivalent of USD commitment)

Invested amount: € 28 million (EUR equivalent of USD investment)

Remaining commitment: € 65 million

Distributed amount: € nil

Fair value: € 27 million

Independent of the investment in Fund IV, Reinet has also committed to invest € 90 million in Fund V, together with a commitment of some € 3 million to Fund V's general partner ('Fund V GP').

Current investments held in the Fund V portfolio in North America include interests in hotel management services; natural gas and oil exploration and production, as well as fresh water transportation and storage services to industry participants; professional staffing and direct hire services; and outdoor equipment.

At 30 September 2015, Reinet had invested € 28 million in Fund V and Fund V GP (31 March 2015: € 27 million). The investment is carried at the estimated fair value of € 27 million at 30 September 2015 (31 March 2015: € 29 million), based on unaudited valuation data provided by Trilantic Management as at 30 June 2015.

At 30 September 2015, Reinet had remaining commitments of € 65 million to invest in Fund V and Fund V GP.

**Trilantic Energy Partners (North America) L.P.**

Committed amount: € 35 million (including an increase of € 12 million during the period) (EUR equivalent of USD commitment)

Invested amount: € 6 million (EUR equivalent of USD investment)

Remaining commitment: € 29 million

Distributed amount: € nil

Fair value: € 5 million

At 30 September 2015, Reinet's commitment to TEP amounted to € 35 million including an increase of € 12 million (USD 14 million) during the period.

Current investments held in the TEP portfolio in North America focus on interests in natural gas and oil exploration and production, as well as fresh water transportation and storage services to industry participants.

During the period under review, Reinet invested € 1 million in TEP. At 30 September 2015, Reinet had invested € 6 million in TEP. The investment is carried at the estimated fair value of € 5 million at 30 September 2015 (31 March 2015: € 4 million), based on unaudited valuation data as at 30 June 2015.

At 30 September 2015, Reinet had remaining commitments of € 29 million to invest in TEP.



#### **RENSHAW BAY AND RELATED INVESTMENTS**

##### **Renshaw Bay advisory and investment management company**

Committed amount: € 34 million (EUR equivalent of GBP commitment)

Invested amount: € 32 million (EUR equivalent of GBP investment)

Distributed amount: € nil

Fair value: € 14 million

Reinet has co-invested with Mr William T. Winters, RIT Capital Partners plc and Renshaw Bay's management team in an investment advisory and management business, known as Renshaw Bay.

In February 2015, Mr Winters announced his intention to leave Renshaw Bay and on 2 October 2015, Renshaw Bay completed the transfer of its Real Estate Finance business to entities in the group headed by GAM Holdings AG. As a result of these developments, Reinet re-evaluated the expected cash flows from the business and accordingly adjusted the value of its investment in Renshaw Bay.

At 30 September 2015, Reinet had invested € 32 million in Renshaw Bay (31 March 2015: € 33 million). The investment is carried at the estimated fair value of € 14 million at 30 September 2015 (31 March 2015: € 33 million).

Further information on Renshaw Bay may be found at [www.renshawbay.com](http://www.renshawbay.com).

#### **ASIAN PRIVATE EQUITY AND PORTFOLIO FUNDS**

##### **Milestone China Opportunities funds ('Milestone'), investment holdings and management company participation**

Reinet has invested with Milestone Capital in a management company based in Shanghai. Reinet has also invested in certain funds and investment companies managed by Milestone Capital.

Milestone Capital has a strong track record in helping portfolio companies scale their operations and be listed on either domestic or foreign stock exchanges. Funds under management invest primarily in domestic Chinese high-growth companies seeking expansion or acquisition capital. Milestone funds seek to maximise medium- to long-term capital appreciation by making direct investments to acquire minority or majority equity stakes in those companies identified by Milestone's investment team. Current areas of investment include: restaurants; B2C online travel services; bio-pharmaceutical manufacturers; medical device manufacturers; food and beverage distribution; brands covering sportswear and apparel; big data services; e-commerce; power generation equipment; retail pharmacies and online education.

Further information on Milestone Capital and Milestone funds may be found at [www.mcmchina.com](http://www.mcmchina.com).

## MANAGEMENT REPORT

**BUSINESS OVERVIEW**  
CONTINUED**Milestone China Opportunities Fund III L.P. ('Milestone III')**

Committed amount: € 89 million (EUR equivalent of USD commitment)

Invested amount: € 78 million (EUR equivalent of USD investment)

Remaining commitment: € 11 million

Distributed amount: € 8 million

Fair value: € 50 million

During the period under review, Reinet invested an additional € 2 million in Milestone III and received distributions amounting to € 8 million in respect of Milestone III's disposal of its investment in Cabbeen Fashion Limited ('Cabbeen').

In 2013, Milestone III invested in Cabbeen, a leading China-based fashion menswear company. In the six months to 30 September 2015, Milestone III sold all of its investment in Cabbeen following its IPO on the Hong Kong Stock Exchange.

At 30 September 2015, capital contributions of € 74 million, net of capital repayments, had been made to Milestone III (31 March 2015: € 80 million). This investment is carried at the estimated fair value of € 50 million at 30 September 2015, based on unaudited valuation data provided by the fund manager at 30 June 2015 (31 March 2015: € 66 million). The decrease in fair value over the period under review is mainly the result of the distribution of € 8 million received together with decreases in value of underlying listed investments and the weakening of the US dollar against the euro.

At 30 September 2015, Reinet had remaining commitments to Milestone III of € 11 million.

**Investment holdings**

Committed amount: € 38 million (EUR equivalent of USD commitment)

Invested amount: € 32 million (EUR equivalent of USD investment)

Remaining commitment: € 6 million

Distributed amount: € nil

Fair value: € 34 million

Reinet has also invested in a long-term investment vehicle in partnership with certain of the Milestone general partner principals and other partners. The investment vehicle seeks to leverage the investment expertise of the Milestone principals.

At 30 September 2015, capital contributions of € 32 million had been made in respect of this investment (31 March 2015: € 33 million). This decrease is due to the weakening of the US dollar against the euro during the period.

The investment is carried at the estimated fair value of € 34 million at 30 September 2015, based on a recent independent valuation, with listed investments marked to market at the period end (31 March 2015: € 46 million). The decrease in fair value over the period under review is the result of decreases in the value of underlying listed investments and the weakening of the US dollar against the euro.

At 30 September 2015, Reinet had remaining commitments of € 6 million; this amount was invested after the period end.

**Prescient China Balanced Fund ('Prescient China') and investment management company**

Committed amount: € 29 million (EUR equivalent of USD commitment)

Invested amount: € 29 million (EUR equivalent of USD investment)

Remaining commitment: € nil

Distributed amount: € nil

Fair value: € 41 million

Prescient China is a fund managed by a subsidiary of Prescient Holdings Limited, a South African-listed fund manager. The fund invests in equities, bonds, cash and derivatives with the objective of generating inflation-beating returns at acceptable risk levels. It invests principally in equities and other instruments listed on the Shanghai and Shenzhen Stock Exchanges.

Reinet invested its full capital commitment to the fund in March 2013 and in the management company in March 2015.

These investments are carried at the estimated fair value of € 41 million based on unaudited valuation statements provided by the fund manager at 30 September 2015 (31 March 2015: € 48 million). The decrease in fair value over the period under review is the result of decreases in the value of underlying listed investments and the weakening of the US dollar against the euro.

Further information on Prescient China may be found at [www.prescient.co.za](http://www.prescient.co.za).

**SPECIALISED PRIVATE EQUITY FUNDS****Vanterra Flex Investments L.P. ('Vanterra')**

Committed amount: € 89 million (EUR equivalent of USD commitment)

Invested amount: € 54 million (EUR equivalent of USD investment)

Remaining commitment: € 35 million

Total invested including expenses: € 58 million

Distributed amount: € 24 million

Fair value: € 34 million

Vanterra was established in 2010 to invest in privately issued securities and to make direct investments in the United States and emerging markets. Vanterra seeks to construct a globally diversified private equity portfolio providing investors with long-term capital appreciation. Vanterra has co-invested alongside Reinet in Trilantic Fund IV, the United States land development and mortgages, Vanterra C Change Transformative Energy & Materials I, L.P. and Vanterra C Change Transformative Energy & Materials AIV-A, L.P. Vanterra also has investments in established platforms in United States healthcare, small business credit, distressed general partner secondaries and Brazil.

Reinet is an investor in both Vanterra and in its general partner.

During the period under review, Vanterra distributed € 14 million following a distribution from its investment in Cressey & Company Fund IV, L.P. and the partial sale of its holding in Talgo. Further details in respect of Talgo can be found on page 5.

At 30 September 2015, Reinet had invested the equivalent of € 34 million, including € 4 million of expenses, net of capital repayments (31 March 2015: € 50 million) in Vanterra. This investment is carried at the estimated fair value of € 34 million at 30 September 2015, based on unaudited financial information as at 30 June 2015, adjusted for cash movements and changes in prices of listed investments (31 March 2015: € 53 million). The decrease in the fair value is due mainly to the distribution of € 14 million described above, decreases in value of listed investments and the weakening of the US dollar against the euro.

At 30 September 2015, Reinet had remaining commitments of € 35 million to invest in Vanterra.

Further information on Vanterra may be found at [www.vanterra.com](http://www.vanterra.com).

## MANAGEMENT REPORT

**BUSINESS OVERVIEW**  
CONTINUED**Vanterra C Change Transformative Energy & Materials I, L.P. ('Vanterra C Change TEM')**

Committed amount: € 59 million (EUR equivalent of USD commitment)

Invested amount: € 53 million (EUR equivalent of USD investment)

Remaining commitment: € 6 million

Distributed amount: € 1 million

Fair value: € 21 million

Vanterra C Change TEM was established in July 2010 to invest in companies and projects providing products or services that supply cleaner energy; create a more cost-effective building environment through the use of energy efficient technologies; and develop renewable resources as a substitute for fossil and other traditional fuels.

Reinet is an investor in Vanterra C Change TEM and in its general partner.

In the period under review, Reinet received a distribution of € 6 million from Vanterra C Change TEM and its general partner, following the partial sale of its holding in Talgo. Of this distribution € 5 million represents a recallable return of capital and € 1 million represents capital returned. Further details in respect of Talgo can be found on page 5.

At 30 September 2015, Reinet had invested the equivalent of € 52 million net of capital repayments (31 March 2015: € 60 million) in Vanterra C Change TEM and its general partner. The investment is carried at the estimated fair value of € 21 million at 30 September 2015, based on unaudited financial information as at 30 June 2015, adjusted for cash movements and changes in prices of listed investments (31 March 2015: € 30 million). The decrease in the fair value is due mainly to the distribution of € 6 million described above, decreases in value of listed investments and the weakening of the US dollar against the euro.

At 30 September 2015, Reinet had remaining commitments of € 6 million to invest in Vanterra C Change TEM and its general partner.

Further information on Vanterra C Change TEM may be found at [www.temcapital.com](http://www.temcapital.com).

**NanoDimension funds and co-investment opportunities**

Committed amount: € 54 million (EUR commitment and EUR equivalent of USD commitment)

Invested amount: € 39 million (EUR investment and EUR equivalent of USD investment)

Remaining commitment: € 15 million

Distributed amount: € nil

Fair value: € 47 million

NanoDimension Management Limited has established two funds in which Reinet is an investor. The focus of each fund is to invest in and support the growth and commercialisation of nanotechnology; the manipulation of matter at an atomic and molecular level. Areas of investment by the funds include: pharmaceuticals and drug delivery structures; optical and electronic switches; and thin film photo-chromatic coatings.

At 30 September 2015, capital contributions of € 39 million had been made to the funds and co-investment (31 March 2015: € 40 million). The fair value of Reinet's investment in the two funds and the co-investment amounted to € 47 million (31 March 2015: € 56 million). The estimated fair value is based on unaudited valuation data received from the fund manager as at 30 June 2015, together with an independent valuation of the co-investment. The decrease in value reflects decreases in the value of underlying investments and the weakening of the US dollar against the euro in the period.

At 30 September 2015, Reinet had remaining commitments to the funds amounting to € 15 million.

Further information on NanoDimension may be found at [www.nanodimension.com](http://www.nanodimension.com).

**Fountainhead Expert Fund ('Fountainhead')**

Committed amount: € 36 million (EUR equivalent of USD commitment)

Invested amount: € 18 million (EUR equivalent of USD investment)

Remaining commitment: € 18 million

Distributed amount: € nil

Fair value: € 23 million

Fountainhead is a fund investing in a concentrated manner in global equities offering superior potential for capital appreciation and value realisation by benchmarking themselves to global inflation and striving for absolute real returns through time.

Reinet has invested € 18 million to date in Fountainhead.

At 30 September 2015, the fair value of the investment was € 23 million based on the unaudited valuation at that date provided by the fund manager (31 March 2015: € 30 million). The decrease in fair value over the period under review is the result of decreases in the value of underlying listed investments and the weakening of the US dollar against the euro.

At 30 September 2015, Reinet had remaining commitments to Fountainhead of € 18 million, subject to Fountainhead's fulfilment of certain conditions.

Further information on Fountainhead may be found at [www.fountainheadpartners.co.za](http://www.fountainheadpartners.co.za).

**UNITED STATES LAND DEVELOPMENT AND MORTGAGES**

Committed amount: € 169 million (including an increase of € 13 million during the period) (EUR equivalent of USD commitment)

Invested amount: € 166 million (EUR equivalent of USD investment)

Remaining commitment: € 3 million

Distributed amount: € nil

Fair value: € 186 million

Reinet has co-invested both directly and with partners to acquire interests in real estate development projects. The investments are located in Florida, Georgia, Colorado, North and South Carolina and Nevada. These include properties where infrastructure services have been laid but where the construction of properties has not yet commenced. In addition, Reinet has invested in residential golf communities, owning the land for sale to future homeowners together with infrastructure assets. Reinet has also purchased mortgage debt linked to such developments from financial institutions, usually at significant discounts to face value.

During the period under review, Reinet purchased certain minority interests and repaid funding provided by a minority partner for the total amount of € 9 million. These transactions increased the aggregate fair value of the investment in United States land development and mortgages by some € 5 million and reduced the liability to minority partners and value attributable to minority interests by some € 4 million.

At 30 September 2015, Reinet had invested € 166 million in these projects (31 March 2015: € 161 million). The investment is carried at the estimated fair value of € 189 million (31 March 2015: € 207 million), of which € 186 million is attributable to Reinet (31 March 2015: € 199 million) and € 3 million to its partners (31 March 2015: € 8 million).

The current valuation is based on independent valuations of underlying assets as at 30 June 2015. The decrease in the valuation reflects a decrease in value of certain assets due to reduced cash-flow projections and the weakening of the US dollar against the euro during the period.

At 30 September 2015, Reinet had remaining commitments of € 3 million, as part of a short-term financing facility granted during the period.

## MANAGEMENT REPORT

**BUSINESS OVERVIEW**  
CONTINUED**DIAMOND INTERESTS**

Reinet has invested in two projects in South Africa.

In total these projects are carried at their estimated fair value of € 65 million at 30 September 2015 (31 March 2015: € 92 million).

The exposure to the South African rand has been hedged through borrowings and forward exchange contracts.

**Jagersfontein**

Project cost: € 55 million (EUR equivalent of ZAR cost)

Invested amount: € 53 million (EUR equivalent of ZAR investment)

Remaining commitment: € 2 million

Distributed amount: € 35 million

Fair value: € 38 million

Reinet is an investor in an entity which extracts diamonds from the waste tailings of mining operations which began over a century ago. The tailings are located at Jagersfontein in South Africa. Developments in terms of gemstone extraction technology since the mines were first excavated mean that there is now the potential to recover stones which were previously treated as waste.

Reinet's effective interest in the Jagersfontein project is 48 per cent. Other shareholders include a Black Economic Empowerment ('BEE') organisation, a local community trust and the parties responsible for the day-to-day operations.

Of the proceeds of diamond sales during the period, € 3 million (ZAR 44 million) was used to repay loans and interest due to Reinet with the balance retained to fund on-going operations.

At 30 September 2015, Reinet held equity interests of € 9 million (31 March 2015: € 18 million) in the above investment and had outstanding loans of € 20 million (31 March 2015: € 22 million). In addition, € 6 million (31 March 2015: € 8 million) is receivable from third parties in respect of sales of part of the equity investments and Reinet has accrued income of € 3 million (31 March 2015: € 5 million) in respect of the funding provided in connection with the project to date.

The investment is carried at its estimated fair value of € 38 million at 30 September 2015 (31 March 2015: € 53 million). The current valuation is based on discounted cash flow analyses prepared by local management. The decrease in carrying value reflects loan repayments, decreases in underlying cash flow forecasts due to an anticipated decline in diamond prices, lower diamond yields and the weakening of the South African rand against the euro in the period.

At 30 September 2015, Reinet had remaining commitments of € 2 million to invest in this project.

**Rooipoort**

Project cost: € 25 million (EUR equivalent of ZAR cost)

Invested amount: € 24 million (EUR equivalent of ZAR investment)

Remaining commitment: € 1 million

Distributed amount: € 7 million

Fair value: € 27 million

Reinet has a 49 per cent interest in a separate project, which has acquired rights to source diamonds on a previously unexploited site at Rooipoort near Kimberley in South Africa. Other shareholders include a BEE organisation and the parties responsible for the day-to-day operations.

Of the proceeds of diamond sales during the period, € 4 million (ZAR 70 million) was used to repay loans and interest due to Reinet with the balance retained to fund on-going operations.

At 30 September 2015, Reinet held equity interests of € 9 million (31 March 2015: € 11 million) in the above investment and had outstanding loans of € 12 million (31 March 2015: € 20 million). In addition, € 3 million (31 March 2015: € 4 million) is receivable from third parties in respect of sales of part of the equity investments and Reinet has accrued income of € 3 million (31 March 2015: € 4 million) in respect of the funding provided in connection with the project to date.

The investment is carried at its estimated fair value of € 27 million at 30 September 2015 (31 March 2015: € 39 million). The current valuation is based on discounted cash flow analyses prepared by local management. The decrease in carrying value reflects loan repayments, decreases in underlying cash flow forecasts due to an anticipated decline in diamond prices, lower diamond yields and the weakening of the South African rand against the euro in the period.

At 30 September 2015, Reinet had remaining commitments of € 1 million to invest in this project.

**OTHER INVESTMENTS**

The increase in other investments relates to two new investments in the period, the first is a venture in the digital music industry and the second, a 3D manufacturing initiative.

There were no significant changes in value during the period in respect of other investments either as a result of movements in the valuation of underlying investments, further amounts invested or returns of capital.

## MANAGEMENT REPORT

## BUSINESS OVERVIEW

### CONTINUED

#### COMMITTED FUNDS

The table below summarises Reinet's outstanding investment commitments at 30 September 2015.

	31 March 2015 <sup>(1)</sup> € m	Exchange rate effects <sup>(2)</sup> € m	Committed during the period <sup>(3)</sup> € m	Funded during the period <sup>(3)</sup> € m	30 September 2015 <sup>(3)</sup> € m	30 September 2015 %
<b>Pension Corporation</b>	–	–	–	–	–	–
<b>Private equity and related partnerships</b>						
<b>Trilantic Capital Partners</b>						
Fund IV, Fund V, TEP and related management companies <sup>(4)(5)</sup>	123	(5)	15	3	136	33.1
<b>Renshaw Bay and related investments</b>						
Renshaw Bay advisory and investment management company	2	–	–	–	2	0.5
JPS Credit Opportunities Fund	–	–	–	–	–	–
Renshaw Bay Real Estate Finance Fund <sup>(5)</sup>	83	(2)	–	2	83	20.2
Renshaw Bay Structured Finance Opportunity L.P.	84	(3)	–	–	81	19.7
<b>36 South macro/volatility funds</b>	–	–	–	–	–	–
<b>Asian private equity and portfolio funds</b>						
Milestone China Opportunities funds, investment holdings and management company participation	22	(2)	–	(2)	18	4.4
GEMS	–	–	–	–	–	–
Prescient China Balanced Fund and investment management company	–	–	–	–	–	–
<b>Specialised private equity funds</b>						
Vanterra Flex Investments	42	(2)	–	(5)	35	8.5
Vanterra C Change TEM <sup>(5)</sup>	1	–	–	5	6	1.5
NanoDimension funds and co-investment opportunities	16	–	–	(1)	15	3.6
Fountainhead Expert Fund	19	(1)	–	–	18	4.4
Other fund investments	3	–	–	–	3	0.7
<b>United States land development and mortgages<sup>(4)</sup></b>	–	–	13	(10)	3	0.7
<b>Diamond interests</b>	3	–	–	–	3	0.7
<b>Other investments</b>	7	–	61	(60)	8	2.0
	405	(15)	89	(68)	411	100.0

(1) Commitments calculated using 31 March 2015 exchange rates.

(2) Reflects exchange rate movements between 31 March 2015 and 30 September 2015.

(3) Amounts calculated using 30 September 2015 exchange rates.

(4) Commitments noted represent only Reinet's share of the investments at 30 September 2015, additional commitments payable by minority partners amount to € 5 million in respect of Trilantic and € nil in respect of United States land development and mortgages.

(5) Certain repayments of capital increased the outstanding commitment.



## CASH AND LIQUID FUNDS

Reinet holds cash on deposit principally in European banks.

Reinet's liquidity is measured by its ability to meet potential cash requirements, including unfunded commitments on investments and the repayment of borrowings, and can be summarised as follows:

Cash at bank	€ 128 m
Undrawn borrowing facilities	€ 406 m
Cash required for unfunded commitments (refer to table on previous page)	€ (411) m
Cash required to meet ZAR borrowing obligations (refer to note below)	€ (29) m

Existing bank borrowings of € 425 million under the collar financing arrangements noted below will be settled either by the delivery of BAT shares pursuant to the put and call options in place, by the proceeds of the sale of BAT shares, or may be rolled over or replaced by other borrowings.

Reinet may sell further BAT shares or use such shares to secure additional financing facilities from time to time.

The undrawn borrowing facilities comprise a facility with Bank of America Merrill Lynch of £ 150 million and a facility with Morgan Stanley Bank N.A. of £ 150 million, in total £ 300 million (€ 406 million). At 30 September 2015, these facilities had not been drawn upon.

## BANK BORROWINGS AND RELATED DERIVATIVE CONTRACTS

### BORROWINGS

In February 2012, in order to meet its on-going commitments, Reinet entered into a £ 300 million, medium-term collar financing arrangement. At 30 September 2015, the fair value of the borrowing was € 407 million (31 March 2015: € 415 million). The decrease in fair value reflects the weakening of sterling against the euro, offset by a slight decrease in interest rates during the period. The collar financing arrangement involves the purchase by Reinet of put options and the sale by Reinet of call options over 13.7 million BAT shares. The remaining unpaid net option premium is payable over the period to 2017 and is carried as a liability at its fair value of € 18 million as at 30 September 2015 (31 March 2015: € 25 million). 1.0 million BAT shares have also been pledged to guarantee the balance of the net option premium and a portion of the interest payments.

Reinet has also borrowed ZAR 443 million to fund its investments in South African projects. At 30 September 2015, the fair value of the borrowing was € 29 million (31 March 2015: € 34 million).

### DERIVATIVE ASSETS/(LIABILITIES) – PUT AND CALL OPTIONS AND FORWARD EXCHANGE CONTRACTS

Put and call options in respect of the £ 300 million medium-term collar financing arrangement noted above are carried at their respective fair values at the balance sheet date. The net derivative liability is carried at its fair value of € 38 million at 30 September 2015 (31 March 2015: € 26 million).

Reinet has entered into a forward exchange contract to sell ZAR 650 million (31 March 2015: ZAR 715 million). The derivative liability in respect of the forward exchange contract is carried at its fair value of € 1 million at 30 September 2015 (31 March 2015: € 6 million).

Refer to page 60 of the Reinet 2015 annual report for a description of Reinet's policy on foreign exchange exposure.

## OTHER LIABILITIES

### FEES PAYABLE AND OTHER LIABILITIES, NET OF OTHER ASSETS

Fees payable and other liabilities comprise principally an accrual of € 21 million in respect of the management fee payable at 30 September 2015 (31 March 2015: € 18 million) and a provision for deferred taxes of € 34 million relating to gains arising from the investments in Trilantic Capital Partners and withholding taxes relating to the investment in United States land development and mortgages.

No provision has been made in respect of a performance fee as at 30 September 2015 (31 March 2015: € 78 million) as the conditions required to pay a fee had not been met at that date.

The performance fee and management fee are payable to Reinet Investment Advisors Limited.

The management fee expense for the period under review amounted to € 23 million (30 September 2014: € 18 million).

## MANAGEMENT REPORT

## BUSINESS OVERVIEW

### CONTINUED

#### FUNDING BY MINORITY PARTNERS

Reinet invests in certain investments, principally the Trilantic funds and United States land development and mortgages, along with minority partners. As capital calls are received, minority partners fund their share by advancing funds to Reinet; as distributions are received from investees, Reinet refunds their pro-rata share to the minority partners. During the period under review, Reinet Fund purchased a part of the minority interests in United States land development and mortgages. This transaction reduced the amounts due to minorities.

#### MINORITY INTERESTS

Minority partners share in the gains and losses arising in the investments in which they have interests. To the extent that gains are not distributed to minority partners, their share of the uplift in valuation is accounted for as a liability.

#### SUMMARISED CONSOLIDATED INCOME STATEMENT

The summarised consolidated income statement set out below differs from the format used in the IFRS reporting on page 21 and is presented to provide investors with a more comprehensive picture of the movement in the fair value of assets held by the Company.

	Six-month period ended 30 September 2015		Six-month period ended 30 September 2014	
	€ m	€ m	€ m	€ m
<b>Income</b>				
BAT dividends	149		133	
Interest and other investment income	15		9	
Realised gains on investments	73		10	
Realised gains on foreign exchange contracts	1		–	
Carried interest earned on investments	2	240	3	155
<b>Expenses</b>				
Management fee	(23)		(18)	
Performance fee	–		(12)	
Operating expenses, foreign exchange and transaction-related costs	(3)		(4)	
Interest expense	(6)		(6)	
Tax income/(expense)	2	(30)	(7)	(47)
<b>Realised investment income, net of expenses</b>		<b>210</b>		<b>108</b>
<b>Fair value adjustments</b>				
BAT – unrealised gain on shares held	85		324	
Other investments	(260)		57	
Derivative instruments	(6)		(10)	
Borrowings	15	(166)	(25)	346
		44		454
<b>Effect of exchange rate changes on cash balances</b>		<b>(2)</b>		<b>9</b>
Net profit		42		463
Minority interest		(4)		(6)
<b>Profit attributable to the shareholders of the Company</b>		<b>38</b>		<b>457</b>

## INCOME

Dividends received from BAT increased from € 133 million (£ 107 million) during the period to September 2014 to € 149 million (£ 110 million) during the period under review. The increase is due to the increase of £ 0.05 in the dividend per BAT share and a strengthening of the sterling/euro exchange rate at the time of the dividend payments. The dividends received from BAT during the period represent the final 2014 dividend paid in May 2015, as well as the interim 2015 dividend paid in September 2015.

Interest income is earned on bank deposits and loans made to underlying investments.

Total realised gains on investments of € 73 million include € 68 million in respect of investments realised by the Trilantic funds. Reinet's share of the Trilantic gains amounts to € 61 million with a further € 7 million being attributable to the minority partner.

Carried interest of € 2 million was attributable to Reinet in respect of investments realised by the Trilantic funds.

## EXPENSES

A performance fee may be payable for the year ended 31 March 2016. The performance fee is calculated as 10 per cent of the Cumulative Total Shareholder Return as defined in the Company's Prospectus, published on 10 October 2008, including dividends paid, over the period since completion of the rights issue in December 2008 up to 31 March 2016, less the sum of all performance fees paid in respect of previous periods. The provision for the performance fee accrued in respect of the six-month period ended 30 September 2015 amounts to € nil (30 September 2014: € 12 million).

The management fee for the period ended 30 September 2015 amounts to € 23 million (30 September 2014: € 18 million). Operating expenses of € 3 million include € 1 million in respect of charges from Reinet Investments Manager S.A. (the 'General Partner') and other expenses, including legal and other fees, which amounted to € 2 million.

Interest expense relates to sterling and South African rand denominated borrowings.

The net tax income of € 2 million includes corporate and withholding taxes payable in respect of gains realised on Trilantic investments, offset by a reduction in the deferred tax provision related to unrealised gains, expected distributions and accrued interest in respect of the Trilantic funds and other United States investments.

## FAIR VALUE ADJUSTMENTS

The investment in 74.3 million BAT shares increased in value by € 85 million during the period under review. Of this, € 159 million was attributable to the increase in value of the underlying BAT shares in sterling terms offset by € 74 million due to the weakening of sterling against the euro during the period under review.

The unrealised fair value adjustment of € 260 million in respect of other investments includes a decrease in the fair value of the investment in Pension Corporation of € 92 million, a decrease in the unrealised gain in respect of the Trilantic funds of € 31 million, decreases in the value of the investments in United States land development and mortgages of € 32 million, decreases in the value of the investments in Diamond interests of € 21 million together with decreases of € 85 million in respect of certain other investments, see detailed analysis on page 25. The above amounts include the negative effect of changes in foreign exchange rates due to the depreciation of other currencies against the euro in the period under review.

The fair value of the collar financing derivative liability increased by € 12 million during the period, reflecting the increase in the price of the BAT shares underlying the put and call options. The fair value of the forward exchange contracts increased by € 6 million; the contracts were settled on 30 September 2015 resulting in a gain of € 1 million.

Borrowings are carried at fair value reflecting the discounted cash flow value of future principal and interest payments taking into account prevailing interest rates. An unrealised gain of € 5 million arose in respect of the South African rand borrowing due to the weakening of the South African rand during the period. An unrealised gain of € 10 million arose in respect of the sterling borrowing. Of this, a gain of € 9 million is due to the weakening of the sterling/euro exchange rate during the period.

## MINORITY INTEREST

The minority interest expense arises in respect of the minority partners' shares in the earnings of the Reinet entities which hold the Trilantic and United States land development and mortgages interests, respectively.

## MANAGEMENT REPORT

**BUSINESS OVERVIEW**  
CONTINUED**PROFIT FOR THE PERIOD**

Net realised income for the period amounted to € 210 million (30 September 2014: € 108 million). Net profit attributable to shareholders, taking into account unrealised fair value adjustments, was € 38 million (30 September 2014: € 457 million).

**DIVIDEND**

A cash dividend of € 0.157 per share totalling € 31 million was paid in September 2015, following approval at the Annual General Meeting on 25 August 2015. No interim dividend is proposed in respect of the six months ended 30 September 2015.

This interim financial report should be read in conjunction with the annual report for the year ended 31 March 2015, which includes a description of the principal risks and uncertainties the Company and its subsidiaries face. This description is equally applicable for the remaining six months of the current financial year.

**APPROVAL**

The General Partner, represented by Wilhelm van Zyl, its Chief Executive Officer and Diane Longden, its Chief Financial Officer, confirms that, to the best of its knowledge:

1. The unaudited interim consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the consolidated assets, liabilities, financial position and profit of the Company and its subsidiaries taken as a whole;
2. This report includes a fair review of the development and performance of the business and position of the Company and its subsidiaries taken as a whole, together with a description of the principal risks and uncertainties that they face.

The unaudited interim consolidated financial statements for the six-month period ended 30 September 2015 on pages 19 to 35 of this report were approved by the Board of the General Partner and signed on its behalf by Wilhelm van Zyl and Diane Longden.

**Wilhelm van Zyl**  
Chief Executive Officer

**Diane Longden**  
Chief Financial Officer

**Reinet Investments Manager S.A.**  
General Partner

10 November 2015

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## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2015

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## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

	Notes	30 September 2015 € m	31 March 2015 € m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets held at fair value through profit or loss	4, 5	5 083	5 078
<b>Current assets</b>			
Cash and cash equivalents		1	–
<b>Total assets</b>		<b>5 084</b>	<b>5 078</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		220	220
Share premium		770	770
Non-distributable reserve		22	22
Retained earnings		4 072	4 065
<b>Total equity</b>		<b>5 084</b>	<b>5 077</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts to affiliated undertakings			
– becoming due and payable after less than one year		–	1
<b>Total liabilities</b>		<b>–</b>	<b>1</b>
<b>Total equity and liabilities</b>		<b>5 084</b>	<b>5 078</b>
<b>Net asset value per ordinary share</b>		<b>€ 25.95</b>	<b>€ 25.91</b>

The notes on pages 24 to 35 are an integral part of these interim consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six-month period ended	
		30 September 2015 € m	30 September 2014 € m
<b>Income</b>			
Dividend received from Reinet Fund S.C.A., F.I.S.		34	40
Net change in the fair value of financial assets at fair value through profit or loss	4	5	419
<b>Total income</b>		<b>39</b>	<b>459</b>
<b>Expenses</b>			
Operating expenses		1	2
<b>Total expenses</b>		<b>1</b>	<b>2</b>
<b>Profit for the period</b>		<b>38</b>	<b>457</b>
<b>Earnings per share from profit for the period</b>			
– basic and diluted	7	€ 0.19	€ 2.33

The notes on pages 24 to 35 are an integral part of these interim consolidated financial statements.

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent			Total € m
	Equity holders' capital € m	Non- distributable reserve € m	Retained earnings € m	
Balance at 31 March 2014	990	22	3 103	4 115
Dividend paid	–	–	(30)	(30)
Profit attributable to the shareholders for the six-month period ended 30 September 2014	–	–	457	457
Balance at 30 September 2014 – unaudited	990	22	3 530	4 542
Profit attributable to the shareholders for the six-month period ended 31 March 2015	–	–	535	535
Balance at 31 March 2015	990	22	4 065	5 077
Dividend paid	–	–	(31)	(31)
Profit attributable to the shareholders for the six-month period ended 30 September 2015	–	–	38	38
Balance at 30 September 2015 – unaudited	990	22	4 072	5 084

The notes on pages 24 to 35 are an integral part of these interim consolidated financial statements.



## CONSOLIDATED CASH FLOW STATEMENT

	Six-month period ended	
	30 September 2015 € m	30 September 2014 € m
<b>Cash flows from operating activities</b>		
Dividend received from Reinet Fund S.C.A., F.I.S.	34	40
Operating expenses	(1)	(2)
<b>Net cash from/(used in) operating activities</b>	<b>33</b>	<b>38</b>
<b>Cash flow from financing activities</b>		
Payment of amounts owed to affiliated undertakings	(1)	(7)
Dividend paid	(31)	(30)
<b>Net cash (used in)/from financing activities</b>	<b>(32)</b>	<b>(37)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1</b>	<b>1</b>
Cash and cash equivalents at beginning of period	–	–
<b>Cash and cash equivalents at end of period</b>	<b>1</b>	<b>1</b>

The notes on pages 24 to 35 are an integral part of these interim consolidated financial statements.

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

### 1.1 STATUS

Reinet Investments S.C.A. (the 'Company') is established in Luxembourg as a partnership limited by shares (*société en commandite par actions*) and is governed by the Luxembourg law on Securitisation. The registered office is at 35, boulevard Prince Henri, L-1724 Luxembourg.

The Company is managed by Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company. The General Partner is liable for any obligations of the Company that cannot be met out of the assets of the Company. The registered office is at 35, boulevard Prince Henri, L-1724 Luxembourg.

The Company owns the entire ordinary share capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), a specialised investment fund established as a partnership limited by shares (*société en commandite par actions*) under the laws of Luxembourg. References to Reinet Fund include all underlying subsidiaries.

Reinet Fund is managed by Reinet Fund Manager S.A. (the 'Fund Manager'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in Reinet Fund. The Fund Manager is the general partner in Reinet Fund and is liable for any obligations of Reinet Fund that cannot be met out of the assets of Reinet Fund. The registered office is 35, boulevard Prince Henri, L-1724 Luxembourg.

Reinet Fund's objective is to generate significant long-term capital growth. It aims to achieve this objective by investing over time in a diversified portfolio of securities. Reinet Fund may also seek partners with whom it may co-invest. Reinet Fund is advised by Reinet Investment Advisors Limited (the 'Investment Advisor') under the terms of the investment advisory agreement (the 'Investment Advisory Agreement').

### 1.2 SECURITIES LISTINGS AND TRADING

The Company's shares are listed and traded on the Luxembourg Stock Exchange. In addition, Reinet Securities SA, acting on behalf of the Company, has issued Reinet South African Depository Receipts ('DRs'), which are traded on the Johannesburg Stock Exchange ('JSE'). DRs trade in the ratio of 10 DRs to each Company share.

### 1.3 APPROVAL OF THESE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Overseers on 6 November 2015 and by the Board of Directors of the General Partner on 10 November 2015.

## 2. BASIS OF PREPARATION

These interim consolidated financial statements have not been audited.

The Company has determined that it meets the definition of an investment entity under International Financial Reporting Standards ('IFRS') 10. As a result, subsidiaries are consolidated in the fair value of Reinet Fund, which is disclosed as a single line item in the consolidated balance sheet and throughout the consolidated financial statements as 'financial assets held at fair value through profit or loss'.

This interim financial information for the six-month period ended 30 September 2015 has been prepared in accordance with IAS 34, *Interim Financial Reporting*. The interim financial report should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2015, which have been prepared in accordance with IFRS as adopted by the European Union.

## 3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those described in the annual consolidated financial statements for the year ended 31 March 2015.

There are currently no new standards, amendments to standards or interpretations which are mandatory for the financial year beginning 1 April 2015 that will have a material effect on the Company's financial position.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

## 4. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2015 € m	31 March 2015 € m
<b>Financial assets held at fair value through profit or loss – non-current:</b>		
– Unlisted investments – Reinet Fund	5 083	5 078
<b>Total financial assets at fair value through profit or loss</b>	<b>5 083</b>	<b>5 078</b>

	30 September 2015 € m	30 September 2014 € m
<b>Net changes in fair value on financial assets at fair value through profit or loss:</b>		
– Realised	–	–
– Unrealised	5	419
<b>Total</b>	<b>5</b>	<b>419</b>

The investment held is in Reinet Fund, which is considered to be a related party of the Company. Also refer to note 8 for related party disclosures.

The following table presents the movement of the investments held by Reinet Fund for the period ended 30 September 2015:

Assets held at fair value through profit or loss	Opening balance 1 April 2015 € m	Purchases/ (repayments) € m	Sale proceeds € m	Realised gains or (losses) in the period € m	Movement in unrealised gains or (losses) in the period <sup>(1)</sup> € m	Closing balance 30 September 2015 € m
<b>Listed investments</b>						
British American Tobacco p.l.c. ('BAT')	3 579	–	–	–	85	3 664
SPDR Gold Shares ('GLD')	–	22	–	–	–	22
<b>Unlisted investments</b>						
Pension Corporation Group Limited (‘Pension Corporation’)	907	–	–	–	(92)	815
Trilantic Capital Partners private equity funds and related management companies	231	(4)	(90)	68	(31)	174
Renshaw Bay and related investments	223	(2)	–	–	(23)	198
36 South macro/volatility funds	77	–	–	–	(3)	74
Asian private equity and portfolio funds	167	2	(8)	3	(30)	134
Specialised private equity funds	180	(20)	(3)	2	(26)	133
United States land development and mortgages	207	5	–	–	(23)	189
Diamond interests	92	(7)	–	–	(20)	65
Other investments	11	49	–	–	(2)	58
	5 674	45	(101)	73	(165)	5 526
Cash and liquid funds	76					127
Other assets and liabilities	(672)					(570)
<b>Total</b>	<b>5 078</b>					<b>5 083</b>

(1) Unrealised gains or (losses) in the period includes accrued interest income from investments.

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
CONTINUED

## 4. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

The following table presents the movement of the investments held by Reinet Fund for the period ended 30 September 2014:

Assets held at fair value through profit or loss	Opening balance 1 April 2014 € m	Purchases/ (repayments) € m	Sale proceeds € m	Realised gains or (losses) in the period € m	Movement in unrealised gains or (losses) in the period <sup>(1)</sup> € m	Closing balance 30 September 2014 € m
<b>Listed investments</b>						
BAT	2 997	–	–	–	324	3 321
<b>Unlisted Investments</b>						
Pension Corporation	548	94	–	–	23	665
Trilantic Capital Partners private equity funds and related management companies	210	13	(17)	10	13	229
Renshaw Bay and related investments	128	11	–	–	13	152
36 South macro/volatility funds	72	–	–	–	(5)	67
Asian private equity and portfolio funds	104	14	–	–	9	127
Specialised private equity funds <sup>(2)</sup>	141	2	(5)	–	(1)	137
United States land development and mortgages	134	12	–	–	11	157
Diamond interests	76	(2)	–	–	9	83
Other investments	10	4	–	–	(5)	9
	4 420	148	(22)	10	391	4 947
Cash and liquid funds	223					152
Other assets and liabilities	(520)					(557)
<b>Total</b>	<b>4 123</b>					<b>4 542</b>

(1) Unrealised gains or (losses) in the period includes interest income from investments.

(2) During the period under review, Vanterra Flex Investments L.P. distributed a part of its minority holding in United States land development and mortgages to Reinet Fund; the value of this distributed interest amounted to € 5 million.

## 5. FINANCIAL RISKS

## 5.1 FINANCIAL RISK FACTORS

The Company has a sole investment in Reinet Fund, therefore the General Partner of the Company relies on the risk management procedures performed by the Fund Manager, and thus the risk management disclosures set out below are at the level of Reinet Fund.

The Company, through its investment in Reinet Fund, is exposed to a variety of financial risks including market risk (ie currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The unaudited interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at 31 March 2015.

There have been no changes in risk management policies since the year-end which impact the financial risks disclosed in the annual financial statements of the Company as at 31 March 2015.

## 5. FINANCIAL RISKS CONTINUED

### 5.2 FAIR VALUE ESTIMATION

In accordance with IFRS 13 the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table analyses, within the fair value hierarchy, the Company's financial assets and liabilities measured at fair value at 30 September 2015 and 31 March 2015:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
<b>30 September 2015</b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss:				
– Investment in Reinet Fund	–	–	5 083	5 083
<b>Total financial assets</b>	–	–	5 083	5 083
<b>31 March 2015</b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss:				
– Investment in Reinet Fund	–	–	5 078	5 078
<b>Total financial assets</b>	–	–	5 078	5 078

The Company had no transfers between level 2 and level 3 during the period.

The following table presents the movement in level 3 investments for the Company for the periods ended 30 September 2015 and 30 September 2014:

	30 September 2015 € m	30 September 2014 € m
Opening balance	5 078	4 123
Gains and losses recognised in profit or loss	5	419
<b>Closing balance</b>	<b>5 083</b>	<b>4 542</b>

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
CONTINUED

## 5. FINANCIAL RISKS CONTINUED

The following table analyses, within the fair value hierarchy, Reinet Fund's financial assets and liabilities measured at fair value at 30 September 2015:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
<b>Assets</b>				
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	3 686	213	1 418	5 317
– Loans	–	–	209	209
<b>Total financial assets</b>	<b>3 686</b>	<b>213</b>	<b>1 627</b>	<b>5 526</b>
<b>Liabilities</b>				
Derivative financial instruments	–	(38)	–	(38)
Borrowings	–	(454)	–	(454)
<b>Total financial liabilities</b>	<b>–</b>	<b>(492)</b>	<b>–</b>	<b>(492)</b>
<b>Net financial assets</b>				<b>5 034</b>
<b>Non-financial assets/(liabilities)</b>				<b>49</b>
<b>Reinet Fund net asset value</b>				<b>5 083</b>

The following table analyses, within the fair value hierarchy, Reinet Fund's financial assets and liabilities measured at fair value at 31 March 2015:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
<b>Assets</b>				
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	3 579	229	1 623	5 431
– Loans	–	–	243	243
<b>Total financial assets</b>	<b>3 579</b>	<b>229</b>	<b>1 866</b>	<b>5 674</b>
<b>Liabilities</b>				
Derivative financial instruments	–	(32)	–	(32)
Borrowings	–	(474)	–	(474)
<b>Total financial liabilities</b>	<b>–</b>	<b>(506)</b>	<b>–</b>	<b>(506)</b>
<b>Net financial assets</b>				<b>5 168</b>
<b>Non-financial assets/(liabilities)</b>				<b>(90)</b>
<b>Reinet Fund net asset value</b>				<b>5 078</b>

## 5. FINANCIAL RISKS CONTINUED

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. Reinet Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, as well as open-ended funds are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include the Company's investment in Reinet Fund, which in turn includes investments in unlisted equities, private equity funds and loans. As observable prices are not available for these investments, Reinet Fund has used fair values obtained from unaudited financial statements provided by fund managers, valuations obtained from third-party experts using appropriate valuation methods and discounted cash flow analyses to derive fair values.

Reinet Fund holds shares in BAT. BAT shares are listed on the London Stock Exchange and movements in the share price could have a significant effect on the value of Reinet Fund.

### **Sensitivity of level 3 investments**

Level 3 valuations are reviewed on a regular basis by the Board of Overseers, who consider the appropriateness of the valuation models used, as well as the results using various valuation techniques generally recognised as standard within the fund industry.

Unobservable inputs and the resulting estimated fair values are based on the best information available at each reporting date. Changes in fair values due to updated inputs and new information will be recorded in the period in which they occur. Given the nature of the investments and their underlying risks and uncertainties there is a wide range of potential outcomes in respect of these estimated fair values which may vary significantly from the fair value figures presented.

The table on page 30 summarises for each of Reinet Fund's significant level 3 investments the valuation methodology used and any significant unobservable inputs used in calculating the value of the investment as of 30 September 2015. The table is not intended to be all-inclusive, but rather provides information which Reinet Fund regards as significant in respect of unobservable inputs and their sensitivity to reasonable change.

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
CONTINUED

## 5. FINANCIAL RISKS CONTINUED

Unlisted investments	Fair value at 30 September 2015 € m	Primary valuation technique	Unobservable inputs	Range (weighted average)	Reasonable possible change +/- (absolute value) <sup>(1)</sup> € m
Pension Corporation	815	Market comparable companies <sup>(2)</sup>	Market multiples	0.93-1.13 (1.03)	+82/-82
			Discount	18 %-22 % (20 %)	+20/-20
Trilantic Capital Partners private equity funds and related management companies	162	Net asset value <sup>(3)</sup>	n/a	n/a	n/a
	12	Discounted cash flow	Discount rate	n/a	Not material
Renshaw Bay and related investments	100	Net asset value <sup>(3)</sup>	n/a	n/a	n/a
	14	Discounted cash flow	n/a	n/a	Not material
36 South macro/volatility funds	8	Discounted cash flow	n/a	n/a	Not material
Asian private equity and portfolio funds	94	Net asset value <sup>(3)</sup>	n/a	n/a	n/a
Specialised private equity funds	79	Net asset value <sup>(3)</sup>	n/a	n/a	n/a
	31	Recent financing round	Discount rate	n/a	Not material
United States land development and mortgages	189	Discounted cash flow <sup>(4)</sup>	Discount rate	6 %-30 % (15.6 %)	+20/-11
Diamond interests including receivables from third parties	65	Discounted cash flow <sup>(5)</sup>	Discount rate	15 %-21.4 % (18.2 %)	Not material
Other investments	58	Net asset value <sup>(3)</sup>	n/a	n/a	n/a
<b>Total</b>	<b>1 627</b>				

(1) The reasonable possible change is calculated based on the range of unobservable inputs indicated in the table and is only an indication of the sensitivity of such inputs. A larger change in value could arise as a result of other factors which may occur after the reporting date.

(2) The market multiples for the peer group were considered and used as a basis in calculating the fair value of the investment. A discount of 20 per cent was applied to recognise the lack of liquidity of the shares. A movement of 10 per cent has been applied for calculating the reasonable possible change, as this is deemed as a reasonable market movement by management.

(3) Reinet Fund has relied upon the latest available net asset value data provided by investment/fund managers. No sensitivity analysis has been performed on the underlying data. The underlying data could be affected by changes in timing, prices, foreign exchange rates and other market variables which may only be determined by the manager of each underlying investment.

(4) Included in this investment are United States land lots and properties which have been valued at 30 June 2015 by an independent real estate valuer. Mortgage loans receivable and mortgages payable have been valued using a discounted cash flow approach. Discount rates in the range of 6 per cent to 30 per cent have been applied in determining the fair values of the mortgages based on the level of risk and estimated timing of repayment. Changes in land values would also affect the value of the investment.

(5) Reinet Fund has relied upon cash flows provided by local management as at 30 September 2015. These cash flows could be affected by a range of variables including changes in diamond prices, foreign exchange rates, inflation, processing capacity and many other variables which can best be determined by management of the underlying entities. The discounted cash flow used by Reinet Fund in determining the fair value applies discounts in the range of 15 per cent and 21.4 per cent to take account of the risks and variables described above.



## 6. SEGMENT INFORMATION

Due to the Company's sole investment in Reinet Fund, the General Partner of the Company relies on the segment analysis performed by the Fund Manager, and thus the segment reporting disclosures below are at the level of Reinet Fund.

The Fund Manager makes the strategic resource allocations on behalf of Reinet Fund.

Reinet Fund considers its investment portfolio as three distinct segments, (i) listed investments, (ii) cash and liquid funds and (iii) unlisted investments.

Returns on these investments consist of realised gains and losses, unrealised gains and losses, dividend income, carried interest and interest income.

The allocation of Reinet Fund's assets and liabilities between the segments is as follows:

	30 September 2015		31 March 2015	
	€ m	€ m	€ m	€ m
<b>Assets</b>				
(i) Listed investments				
– BAT		3 664		3 579
– GLD		22		–
(ii) Cash and liquid funds		127		76
(iii) Unlisted investments				
– long-term investments		1 840		2 095
<b>Total segment assets</b>		<b>5 653</b>		<b>5 750</b>
<b>Liabilities</b>				
(ii) Cash and liquid funds				
– borrowings		425		440
(iii) Unlisted investments				
– derivative financial instruments	38		32	
– funding from minority partners	–		5	
– borrowings	29	67	34	71
<b>Total segment liabilities</b>		<b>492</b>		<b>511</b>

All assets and liabilities other than cash and liquid funds are held at fair value through profit or loss.

There were no transactions between reportable segments other than payments of cash to acquire new investments and receipt of sales proceeds for existing investments.

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
CONTINUED

## 6. SEGMENT INFORMATION CONTINUED

A reconciliation of Reinet Fund's segment assets and liabilities to its NAV is as follows:

	30 September 2015 € m	31 March 2015 € m
<b>Total segment assets</b>	5 653	5 750
Other assets	–	–
<b>Total assets</b>	5 653	5 750
<b>Total segment liabilities</b>	492	511
Other liabilities	78	161
<b>Total liabilities</b>	570	672
<b>Total investment in Reinet Fund</b>	5 083	5 078

Reinet Fund's income per segment is as follow:

	30 September 2015		30 September 2014	
	€ m	€ m	€ m	€ m
(i) Listed investments				
– BAT dividends	149		133	
– unrealised gains	85	234	324	457
(ii) Cash and liquid funds				
– interest income	1		–	
– foreign exchange effect	(2)	(1)	9	9
(iii) Unlisted investments				
– interest income	14		9	
– realised gains	74		10	
– carried interest	2		3	
– unrealised (losses)/gains	(251)	(161)	22	44
<b>Total income</b>		72		510

Expenses and taxes cannot be allocated over the above segments.

## 7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of shares in issue during the period.

	Realised € m	Unrealised € m	30 September 2015 € m	30 September 2014 € m
Profit for the period	33	5	38	457
Weighted average number of ordinary shares in issue (millions of shares)	195.9	195.9	195.9	195.9
Earnings per share from profit for the period – basic and diluted (€ per share)	€ 0.17	€ 0.02	€ 0.19	€ 2.33

The Company has not issued any shares or other instruments that are considered to have dilutive potential. There were no movements in the period ended 30 September 2015.

The presentation of headline earnings per share, as an alternative measure of earnings per share, is mandated under the JSE Listing Requirements. It is calculated in accordance with Circular 2/2013 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

Headline earnings per share:	30 September 2015	30 September 2014
Unadjusted earnings per share	€ 0.19	€ 2.33
Headline earnings per share	€ 0.19	€ 2.33

## 8. RELATED PARTY TRANSACTIONS

The Company has a number of relationships and transactions with related parties, as defined by IAS 24, *Related party transactions*, all of which are undertaken in the normal course of business.

Parties identified as related parties are:

### FORMER PARENT COMPANY – COMPAGNIE FINANCIÈRE RICHEMONT SA ('CFR SA')

The Company has identified CFR SA, a public company incorporated in Switzerland, as a related party. Mr Rupert is the Chairman of CFR SA.

Although the management of the Company is quite distinct from CFR SA, a number of executives who have management responsibilities for the Company are also employed by a subsidiary of CFR SA.

### SIGNIFICANT SHAREHOLDERS

Mr Rupert, Chairman of the General Partner and the Fund Manager, is a trustee of the Anton Rupert Trust.

The Anton Rupert Trust and parties affiliated with it, including certain beneficiaries, together with Mr Rupert in his personal capacity, owns 48 825 142 shares (24.92 per cent) of the Company as at 30 September 2015 (31 March 2015: 48 527 856 (24.77 per cent)).

On 16 December 2013, the Public Investment Corporation notified the Company that it held 14.61 per cent of the shares and voting rights in the Company. Public Investment Corporation previously held 15.49 per cent of the shares.

On 2 February 2011, Allan Gray Limited notified the Company that accounts under its management held the equivalent of 5.01 per cent of the shares and voting rights in the Company in the form of DRs.

The Company has not been notified of any other holdings in excess of 3 per cent of its issued capital.

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
CONTINUED**8. RELATED PARTY TRANSACTIONS CONTINUED****MANAGEMENT AND ADVISORY COMPANIES**

The Company is a partnership limited by shares (*société en commandite par actions*) which is managed by the General Partner. The Company reimburses the General Partner for its expenses incurred in the ordinary course of business, including but not limited to the remuneration of its staff, taxes, rentals, directors' fees and any other disbursements and pays an annual administration fee equal to 10 per cent of such expenses.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. Reinet Fund reimburses the Fund Manager for its expenses incurred in the ordinary course of business including but not limited to the remuneration of its staff, taxes, rentals, directors' fee and any other disbursements. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor in respect of any accounting period.

The Investment Advisor owns 963 540 shares of the Company as at 30 September 2015 (31 March 2015: 995 850). These shares have been acquired to hedge share appreciation rights and related awards to key executives of the General Partner, the Fund Manager and the Investment Advisor.

Under the terms of the Investment Advisory Agreement dated 9 October 2008, as amended on 24 May 2010 and 10 November 2011, between Reinet Fund and the Investment Advisor, Reinet Fund pays both management fees and performance fees to the Investment Advisor.

The management fee is payable to the Investment Advisor at a rate of 1 per cent per annum on the NAV of Reinet Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing NAV at the end of the previous six-month period.

The management fee in respect of cash is calculated at a rate of one-quarter of 1 per cent per annum. No management fee is payable in respect of funds managed by third parties except where the fee payable to the third party has been negotiated to a level below 1 per cent per annum and below the level payable by other investors in a fund. In such circumstances, the difference between the fee payable to the third-party manager and 1 per cent is payable to the Investment Advisor.

Investments as a limited partner in funds under the management of a management company in which Reinet Fund is an investor are not treated as being managed by third parties; the management fee is payable at 1 per cent per annum to the Investment Advisor. However, such a fee payable to the Investment Advisor is reduced by any management fee paid by Reinet Fund to the management company, net of income received by Reinet Fund on its investment in the management company in terms of its share of the management fees earned by (but not carried interest attributable to) the management company.

The performance fee in any period is calculated as 10 per cent of the Cumulative Total Shareholder Return at the end of the Performance Measurement Period (both terms being defined in the Company's Prospectus, published on 10 October 2008), adjusted for all dividends and returns of capital to Company shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods.

A performance fee of € 78 million was paid in May 2015, reflecting the appreciation in the Company's Cumulative Total Shareholder Return over the period to 31 March 2015. A performance fee will only be payable in respect of the current financial year if the Cumulative Total Shareholder Return exceeds that at 31 March 2015. In order for a performance fee to be payable at 31 March 2016 the volume weighted average closing price of the Company's share on the Luxembourg Stock Exchange over the last 20 trading days of the current financial year needs to exceed € 19.515. Reinet's share price at 30 September 2015 was € 17.51 and therefore no provision has been made in respect of any performance fee which may become payable at 31 March 2016.

The General Partner, the Fund Manager and the Investment Advisor are controlled by Rupert family interests.

**OTHER RELATED PARTIES**

The Company has also identified Remgro Limited, a public company incorporated in South Africa, as a related party, Mr Rupert is the Non-executive Chairman of Remgro Limited.

There were no fees paid during the period and no balances payable to or receivable from CFR SA, Remgro Limited or significant shareholders at 30 September 2015.

## 9. CAPITAL COMMITMENTS

At 30 September 2015, the Company had no capital commitments, however its wholly-owned subsidiary Reinet Fund had committed to invest a further € 411 million (31 March 2015: € 405 million) in unlisted investments. See table on page 14. This amount relates to Reinet Fund's own investment commitment. Where Reinet Fund co-invests with minority partners the amount does not include the partners' commitment.

## 10. CONTINGENT LIABILITIES

A subsidiary of Reinet Fund has pledged a total of 14.7 million BAT shares in respect of its borrowing from Deutsche Bank.

Reinet Fund has provided guarantees amounting to ZAR 24 million in respect of financial obligations related to the purchase of certain South African assets.

## 11. DIVIDEND

A dividend of € 0.157 per share totalling € 31 million was paid in September 2015, following approval at the Annual General Meeting on 25 August 2015.

## 12. SUBSEQUENT EVENTS

There have been no events subsequent to 30 September 2015, which would have any material impact on these interim consolidated financial statements.

## EXCHANGE RATES AND SHARE INFORMATION

### EXCHANGE RATES AGAINST THE EURO

	Six months to 30 September 2015	Six months to 30 September 2014
<b>Average for the period</b>		
Sterling	0.7201	0.8040
US dollar	1.1097	1.3475
Swiss franc	1.0576	1.2154
South African rand	13.9292	14.3590
	At 30 September 2015	At 31 March 2015
<b>Closing – at the end of the period</b>		
Sterling	0.7388	0.7242
US dollar	1.1177	1.0731
Swiss franc	1.0882	1.0438
South African rand	15.4850	13.0229

### SHARE INFORMATION

#### PRIMARY LISTING

Reinet Investments S.C.A. shares are listed on the Luxembourg Stock Exchange with the ISIN number LU0383812293 (symbol 'ReinetInvest'). Thomson Reuters code REIT.LU. The Company's shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg Stock Exchange.

#### SECONDARY LISTING

Reinet Investments S.C.A. South African Depository Receipts are traded on the Johannesburg Stock Exchange under the ISIN number CH0045793657 (symbol 'REI'). Thomson Reuters code REIJJ. One depository receipt issued by Reinet Securities SA represents one-tenth of one ordinary share in Reinet Investments S.C.A.

At 30 September 2015 and 31 March 2015 there were 195 942 286 shares in issue.

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## STATUTORY INFORMATION

### REGISTERED OFFICE

REINET INVESTMENTS S.C.A.  
35, boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

### REGISTERED NUMBER

Reinet Investments, Société en commandite par actions  
Registre de commerce et des sociétés, Luxembourg B 16.576

### GENERAL PARTNER

REINET INVESTMENTS MANAGER S.A.  
35, boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

### CUSTODIAN

BANQUE DE LUXEMBOURG S.A.  
14, boulevard Royal  
L-2449 Luxembourg  
Grand Duchy of Luxembourg

### REGISTRAR AND PAYING AGENT

EUROPEAN FUND ADMINISTRATION S.A.  
2, rue d'Alsace  
P.O. Box 1725  
L-1017 Luxembourg  
Grand Duchy of Luxembourg

### RÉVISEUR D'ENTREPRISES AGRÉÉ

PRICEWATERHOUSECOOPERS SOCIÉTÉ  
COOPÉRATIVE  
2, rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

### FURTHER INFORMATION

Website: [www.reinet.com](http://www.reinet.com)  
Email: [info@reinet.com](mailto:info@reinet.com)

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